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- M E M O R A N D U M -

To: Lisa Pyles, Director of Infrastructure & Development Services
From: Bill Dyer, Real Estate Manager
CC: Joel Jenkinson, Airport Director
Date: November 20, 2015
Re: A Request for the Consideration and Consent of the Town of Addison Regarding the Conventional Hangar Lease #005A-0103 (Metroplex Aircraft Services, Inc.) commonly known as 4726 George Haddaway Drive

Summary of Requested Approval and Recommendation by Airport Manager:

Airport Management is requesting the Town's consideration and consent to the proposed Conventional Hangar Lease with Metroplex Aircraft Services, Inc. (Metroplex) in the form of the Conventional Hangar Lease attached hereto as Exhibit 1 affecting the above referenced city-owned property. Their current lease expires on December 31, 2015. The key lease terms include 1) this lease term is for 5 years; 2) the rental rate is increased to the market rate of \$9,500 per month – an increase of 4.5% from the currently CPI- adjusted rental; and 3) a 120-day early termination provision to allow for and facilitate redevelopment of the leased premises, if the opportunity presents itself.

Airport Management has reviewed the above matter and recommends the Town give its consent as requested. The city attorney has reviewed the proposed Conventional Hangar Lease as to form and finds it to be acceptable for the Town's purpose.



Figure 1: Easterly View of Subject Property

Background Information:

Metroplex has been at Addison Airport for over 11 years. They have leased their current facility from the Town since 2006 and were based elsewhere on the airport before then. Over the years Metroplex has, at their own expense, made various improvements to their leased premises, including updating the front office area, providing a pilot lounge where flight crews can access a computer, file flight plans, and review logbook entries, and created a separate research area to spread out logbooks and records.

The hangar facilities are uniquely suited for Metroplex's use because of the hangar door height and clear-span capability, allowing them to accommodate the larger cabin corporate jets that frequent Addison Airport – their customer segment focus for services. Operating six days a week Metroplex provides 1) annual, phase and special inspections 2) Airworthiness Directives and their associated Service Bulletins and 3) routine maintenance for a wide array of corporate and personal aircraft. Metroplex is known to draw transient air traffic to the airport as a destination for their valued services.

Current Status:

Metroplex's current lease expires at the end of 2015. This hangar and the adjoining and adjacent hangar are commonly referred to as the former Collins Hangars both first constructed in 1958. In 2012, a third-party property condition assessment report commissioned by the Town and performed by a local engineering concern concluded capital repairs and improvements in excess of an estimated \$3M would be required to bring the buildings up to reasonable market condition and compliancy of prevailing building codes in order to sustain their viability and extended use.

The Collins Hangars are at the farthest north end of an area regarded by airport management as the SE Quadrant ("SEQ"), a 16-acre section of the airport generally

described to be south of George Haddaway Dr. and east of Taxiway Alpha. This portion of the airport is regarded to be the oldest part of the airport where many of the existing facilities and infrastructures have become functionally and physically obsolete. In November 2015, a formal Request for Qualifications (RFQ) was advertised by the Town soliciting qualified developers and aeronautical operators interested in redeveloping new aeronautical facilities at Addison Airport within all or part of the SEQ. As of the date of this writing, no formal determination of the RFQ has been rendered by the Town. The redevelopment of the SEQ is a major strategic objective identified in both the Addison Airport 2013 Strategic Plan and the pending Addison Airport FAA Master Plan Update.

Throughout its relationship with the Town over the years, Metroplex has proven to be an excellent tenant for the Town and is highly regarded by its peers as one of the more qualified service providers at Addison Airport. To the extent possible, airport management is committed to continue to work with Metroplex to identify other suitable hangar facilities if and when the opportunity presents itself so Metroplex can remain at Addison Airport for years to come.

With this Conventional Hangar Lease both Collins Hangars will now be subject to a 120-day early termination provision, giving either party to the lease the right to early terminate the lease agreement provided at least a 120-day advanced written notice is given to vacate the leased premises. For the Town, this will allow for the eventual redevelopment of the leased premises. For, Metroplex, this will allow them to relocate to an even more suitable location if and when the opportunity presents itself, thus keeping this valuable service at Addison Airport. Additionally, the five-year term extension is being recommended by airport management at the request of the tenant to help provide, to the extent possible, increased operational stability.

Conclusion and Recommendation of Airport Manager:

This proposed Conventional Hangar Lease keeps a valued Tenant at the airport in its current facility while providing the Town flexibility to support potential redevelopment of the SE Quadrant should it become necessary. In the interim, airport management will continue to consult with Metroplex to help identify other suitable commercial hangar facilities at the airport, which can reasonably accommodate Metroplex's future needs. Airport Management's recommendation optimizes the economic benefit this site has to offer the Town and is consistent with both the adopted 2013 Airport Strategic Plan and the pending Addison Airport FAA Master Plan Update.

Airport Management recommends the Town give its consent to the requested action and authorize the City Manager, subject to the final review and oversight of the city attorney, to execute the Conventional Hangar Lease.